

# Kentucky Agricultural Development Fund Update

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## Agricultural Development Fund Annual Meeting 2003

On April 21, 2003, the Governor's Office of Agricultural Policy and the Kentucky Center for Agricultural Development & Entrepreneurship will present the 2nd Annual KY Opportunity Marketplace / ADF Annual Meeting at Lexington's Marriott Griffin Gate hotel.

Last year's event was split across two days and boasted over 200 participants each day with about 60 exhibits from funded projects, organizations and universities.

This year the annual meeting of County Council members and the Marketplace exhibits and workshops will be combined into one day.

Projects funded through the Agricultural Development Fund will be featured in the exhibit area, along with agencies, universities and organization important to Kentucky's agricultural and rural communities.

A wide variety of workshops will be available in one of two categories: agricultural diversification, leadership & technical assistance. The agricultural diversification workshops will feature producers who have experience in a particular enterprise in both production and marketing. Topics to be covered include organic composting, value-added honey, blueberries, forage improvement, value-added livestock, and aquaculture, just to name a few.

The leadership & technical assistance workshops will provide opportunities for County Council members and others to broaden their skill sets in such leadership topics as *Cultivating New Ideas* or technical assistance topics as *Using Your Computer for Marketing*.

In addition to the large group and regional sessions for the County Council members and agents, the state Agricultural Development Board will have its monthly meeting during the event (2:00 p.m.). The agenda for the Board meeting will be posted on our website Tuesday, April 15.

New to the event this year is the KADF Reception and Awards Banquet. The awards banquet has been added to recognize the outstanding contributions of individuals and organizations to the diversification of Kentucky's agricultural economy. Two of the awards, County Council Members of the Year and Agricultural Extension Agents of the Year, seek nominations from County Council members and Extension Agents. Details for these awards can be found at the web address below.

Registration is \$15 per participant and includes a lunch ticket and materials. Exhibit space is \$45 for a space which includes an 8' skirted table, chairs and two lunch tickets. **To keep material waste and costs down, each person attending the event needs to register by April 14, 2003; this includes any county council members or extension agents who plan on attending.**

If your county has opted to allocate funds for administrative purposes, then registration costs for council members and extension agents may qualify for reimbursement.

The agenda and registration materials are available on-line at <http://www.kyagpolicy.com/kom/> or by contacting our office at [kygovagpolicy@mail.state.ky.us](mailto:kygovagpolicy@mail.state.ky.us) or (502) 564-4627.

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*Cultivating rural prosperity*

### DATES TO REMEMBER:

*Apr. 11 —Board Project Review (Frankfort)*

*Apr. 21—Board Meeting, 2:00 p.m. Marriott Griffin Gate (Lexington)*

### Forage Seed List Updated

**As of 3/21/03 Goldrush and Wintergold are eligible alfalfa varieties under the Forage Improvement Program.**

**To obtain a current copy of the seed list visit <http://www.kyagpolicy.com/funds/forage.shtml> or call (502) 564-4627.**

## ADF Board Meeting in Review

At its March 2003 meeting, the Kentucky Agricultural Development Board funded over \$4.3 million in diversification projects for Kentucky agriculture.

Thirteen non-model projects were approved for over \$1.2 million in state, \$1.28 in KCADE, and \$153,700 in county funds. These projects ranged in scope from an entrepreneurial leadership program to MRLS research and from shrimp nurseries to winery expansion.

The balance of funds approved were for the six model programs. Clay, Green, Henderson, LaRue, Madison and Mason Counties committed a total of \$391,050 to the Agricultural Diversification Program. A total of \$286,921 was committed to Forage Improvement Programs in Bullitt, Clark, Estill, Gallatin, Jackson, LaRue, Lee, McCracken, Shelby, and Todd Counties. Cattle Genetics Improvement Programs were increased by a total of \$338,827 in Clark, Franklin, Gallatin, Hart, Madison, McCracken, Pendleton, Shelby, Taylor, and Todd Counties. Madison, McCracken and Mercer Counties contributed a total of \$25,475 to Goat Diversification. Clark, Clay, Gallatin, Johnson, McCracken, Taylor and Todd Counties committed a total of \$200,400 to the Cattle Handling Program. Six new Hay, Straw & Commodity Storage Programs were implemented in Elliott, Gallatin, Harrison, Jessamine, McCracken and Muhlenberg Counties for a total of \$415,590.

At the meeting, two new model programs, *Livestock Fencing Improvement* and *On-farm Water Enhancement*, were approved for counties to utilize with their Agricultural Development Funds. Both of these

programs are described elsewhere in this newsletter.

For a complete listing of projects funded view the latest ADF release at <http://www.kyagpolicy.com/news/>.

*Since January 2001, over 900 proposals have been approved committing over \$100 million to agricultural diversification in Kentucky.*

## Phase II Update

### ***Kentucky Tobacco Settlement Trust Corporation Announces Compensation Plan for 2003***

The Kentucky Tobacco Settlement Trust Corporation (KTSTC), chaired by Governor Paul Patton, adopted its plan for distributing proceeds from the National Tobacco Growers Settlement Trust in 2003.

On an 11-0 vote, the Board agreed to retain its policy of dividing trust proceeds equally among the owners of quota, the party who owns or controls the land used to produce tobacco, and the party who employs the labor used in burley tobacco production. Payments to owners of quota will be based on basic quota ownership records from the United States Department of Agriculture for the 2002 crop year.

Payments for the land and labor components, referred to respectively as the Growing Farm and Grower/Tenant, will again be based on an average of production and marketing activity in the years 1998, 1999, and 2000. The payment unit, referred to as payment pounds, is determined by averaging the effective quota and actual marketings for the three crop years in question.

The plan was adopted as the Board's policy for the 2003 payments to be made by the Trust. Kentucky is scheduled to receive approximately \$148 million in 2003, although adjustments built into the trust could reduce that amount by as much as 10% or

more. The Board is obliged by the Trust agreement to revisit its compensation plan annually.

Since this meeting was more than likely the last KTSTC Board of Directors meeting under Governor Patton's leadership, the Board was presented a summary of distributions and administrative costs by John-Mark Hack, KTSTC President.

Since December 1999 the Corporation has distributed over \$459 million in direct cash payments to over 530,000 recipients while maintaining an administrative cost of less than 1%. In 2002, Kentucky spent \$5.62 per payee to distribute just over \$130 million to 160,983 recipients. North Carolina, on the other hand, spent \$53.55 per payee to distribute \$136 million to just 66,481 recipients.

"We committed ourselves from the outset of this program to minimize our administrative costs to put more dollars in the farmers' pockets," said Governor Paul Patton. "Our system has basically proven to be ten times more effective and ten times more efficient than other states to which we are often compared."

The Trust was established as

*(Continued on page 4)*

## New Model Programs Approved

### *Livestock Fencing Improvement Program*

At its March Board meeting, the Kentucky Agricultural Development Board approved a model cost-share program for livestock fencing improvement for local implementation utilizing county agricultural development funds.

The program provides for up to \$5,000 in cost-share assistance per farm for the lifetime of the program, matched by the producer on a 50/50 basis. Eligible investments include posts, fencing (including woven and wire), and supplies. Plank fencing is not eligible under this program.

The complete guidelines and evaluation form for this program are available at [www.kyagpolicy.com/funds/fence.shtml](http://www.kyagpolicy.com/funds/fence.shtml).

### *On-farm Water Enhancement Program*

Also at the March meeting, the Board approved a model cost-share program for enhancement of on-farm water resources for local implementation utilizing county agricultural development funds.

The program provides for up to \$5,000 in cost-share assistance per farm for the lifetime of the program, matched by the applicant on a 50/50 basis. Eligible investments include materials, parts, equipment, cost of contracting construction and drilling for select on-farm water enhancement systems.

The complete guidelines and evaluation form for this program are available at [www.kyagpolicy.com/funds/water.shtml](http://www.kyagpolicy.com/funds/water.shtml).

### 2003 EPDs for the Cattle Genetics Program have been posted.

<http://www.kyagpolicy.com/funds/cattle.shtml>

## Model Application Updated

An updated version of the Model Program Application packet has been posted on our web site.

The application was updated to reflect the new model programs, which have recently been approved.

The **Instructions for Submission** have also been updated to state that "the original and one copy" of the model application need to be mailed to our office. The application should not be faxed prior to mailing the original and copy.

The **Funding Process** page has also been updated to reflect the importance of the reporting requirements. "4. Subsequent disbursements will be dependent upon up-to-date reporting."

<http://www.kyagpolicy.com/funds/>

## Model Program Total Commitments

(As of 3/21/2003)

<i>Program</i>	<i>Amt. Committed</i>	<i># Counties</i>
<b>Ag. Diversification</b>	<b>\$5,434,785</b>	<b>62</b>
<b>Cattle Genetics</b>	<b>\$7,420,757</b>	<b>102</b>
<b>Cattle Handling</b>	<b>\$10,243,382</b>	<b>93</b>
<b>Forage Improvement</b>	<b>\$13,790,039</b>	<b>96</b>
<b>Goat Diversification</b>	<b>\$1,887,767</b>	<b>64</b>
<b>Hay, Straw &amp; Commod.</b>	<b>\$709,590</b>	<b>8</b>
<b>Total Commitment:</b>	<b>\$39,486,320</b>	

## Phase II Update (cont.)

(Continued from page 2)

a 12-year program by cigarette manufacturers to offset income losses incurred by tobacco growers as a result of the Master Settlement Agreement, the \$246 billion deal between major cigarette manufacturers and 46 state attorneys general. 2002 represents the fourth year that payments were made to farmers from the Trust Fund.

### ***Can the Board pre-approve projects for county funds in anticipation of the April payments?***

The Board has taken the position that requests for funds from county accounts, which exceed the county's current account balance, will not be approved until such time as there are sufficient funds.

For example, if a county submits 3 applications (\$10,000 Genetics, \$10,000 Forage and \$10,000

Handling) that total \$30,000 and the current available balance for the county is \$20,000, one of these applications will not be approved, until such time that there are sufficient funds.

If a county is submitting multiple requests for funds, the county council should let our office know the priority in which these applications should be considered.

Please feel free to contact our office should you have further questions regarding this issue.

## Question of the Month

## GOAP Website Updates

**Calendar updated:** <http://www.kyagpolicy.com/calendar.shtml>

**Meetings details updated:**

<http://www.kyagpolicy.com/board/meetings.shtml>

**County Account Availability as of 3/21/03 posted:**

<http://www.kyagpolicy.com/funds/availability.shtml>

**Counties with Model Programs pages updated:**

[http://www.kyagpolicy.com/funds/funded\\_model\\_programs.shtml](http://www.kyagpolicy.com/funds/funded_model_programs.shtml)

**Educational Opportunities page updated:**

<http://www.kyagpolicy.com/kcade/education.shtml>

**New Model Programs Posted:**

[http://www.kyagpolicy.com/funds/model\\_programs.shtml](http://www.kyagpolicy.com/funds/model_programs.shtml)

**Resource Links page updated:**

[http://www.kyagpolicy.com/kcade/resource\\_links.shtml](http://www.kyagpolicy.com/kcade/resource_links.shtml)

**Wine Policy Statement Reposted** (some had trouble retrieving this document):

[http://www.kyagpolicy.com/kcade/market%20development/](http://www.kyagpolicy.com/kcade/market%20development/ADB_wine_policy_Statement.pdf)

[ADB\\_wine\\_policy\\_Statement.pdf](http://www.kyagpolicy.com/kcade/market%20development/ADB_wine_policy_Statement.pdf)

## Save the Date

**Agricultural Finance Corporation**

***Wednesday, April 16***

***9:30 a.m.***

***Old Capitol***

**2nd Annual KY Opportunity Marketplace / ADF Annual Mtg.**

***Monday, April 21***

***Marriott Griffin Gate, Lexington***

**Governor's Commission on Family Farms**

***Wednesday, April 30***

***TBD***

If you wish to receive any of the documents mentioned in this newsletter either via fax or regular mail, please contact our office by e-mail, [govkyagpolicy@mail.state.ky.us](mailto:govkyagpolicy@mail.state.ky.us), or by phone, (502) 564-4627.

